



an

Idaho Funeral
Service Association
Quarterly Publication

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IFSA 2010 4th Qtr. Newsletter



President's Message

Greetings,

It is with great anticipation that I look forward to the coming year. We have a great opportunity to start fresh and become the people that we are meant to be. There will be challenges in both our personal and professional lives, but we can all rise to the level needed to accomplish the tasks before us.

Myrna and I, along with Ken had the opportunity to visit the Lewis and Clark and Coeur d'Alene districts for their fall meetings. It was a great opportunity for us to visit several of our member firms as well as do a little recruiting of prospective members. Both districts offered an opportunity for funeral service professionals to participate in a one hour continuing education seminar presented by our Executive Secretary, Ken Mallea. We are planning to attend and participate in the other district meetings in the near future. I would encourage participation by all member firms and their entire licensed staff to take advantage of the CEU's that will be offered.

Please mark your calendars for the annual convention to be held at Shore Lodge in McCall on June 26th thru the 28th. We are looking forward to some great education, fun activities, and relaxation.

We look forward to the Advocacy Summit to be held in Washington D.C. and encourage you to participate in the NFDA PAC; we have and can make a difference in the laws and policies coming out of Washington. Please let us know of any issues you would like us to address with our congressional delegation.

Please let the IFSA office or myself know if we can be of assistance to you.

Sincerely,

Steve Gordon,
President IFSA



2010-2011 IFSA Officers

The 2010-2010 officers were elected and sworn in by William C. Wapner, NFDA President at the 2010 Three State Convention in Jackson Hole, Wyoming on June 21, 2010.

Officers

<u>President</u> Steve Gordon (208) 376-5400	<u>Second Vice President</u> John Buck (208) 365-4491
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<u>Lewis & Clark District</u> Bill Malcom (08-'11) (208) 743-4578	<u>Trustee At Large</u> John Yraguen (208) 442-8171



IFSA 2nd Vice President Named

The IFSA Officers and the Board of Trustees have appointed John Buck to the position of Second Vice President to fill the currently vacant position. They have also appointed David Dembowski to fill the unexpired remaining term of the Trustee for Treasure Valley District that became vacant with the appointment of John Buck.

Our thanks goes out to John and Dave and all our Board members for their service to our Association.

Policy Board Report

The NFDA Policy Board met in New Orleans on October 8 and 9. During the meeting we heard from the Allied Membership Task Force regarding reintroducing Allied Membership into NFDA. The task force is still in the process of defining what an allied member would be. No action was taken and any further action will be at the Policy Board meeting in March of 2011 in Washington, DC.

We then heard from representatives of TSA regarding screening of cargo which includes all shipment of human remains. As of August 1st of this year all shipping of cargo was to be screened. All cargo is screened and they are at a loss of what to do if an "alarm" situation regarding Human Remains. They told us to continue as before August 1st and that we should see something in late 2011 for the resolution.

This is my last report. I would like to thank the IFSA Board and past board members for allowing me to serve as your representative on the NFDA Policy Board. IFSA President, Steve Gordon, will be replacing me and he will do an outstanding job. I would encourage all of you to become active members of our association. Finally, thanks to Ken for all the excellent work he does for us. In visiting with other associations around the country we have one of the best situations and we are truly envied.

—Jeff Blackmer
Idaho Policy Board Representative

Undercover Inspection of Funeral Homes Occur in Nine States

Investigators working undercover in nine states and in the District of Columbia found significant violations of Federal Trade Commission consumer protection rules at 52 of 175 funeral homes they visited during 2009.

The FTC conducts undercover inspections every year to make sure that funeral homes are complying with the agency's Funeral Rule. The Rule, enacted in 1984, gives consumers important rights when making funeral arrangements. The Rule requires funeral homes to provide consumers with an itemized price list at the start of an in-person discussion of funeral arrangements, as well as a casket price list, before consumers view any caskets. The Rule also prohibits funeral homes from requiring consumers to buy any item, such as a casket, as a condition of obtaining any other funeral good or service. By requiring itemized prices, the Rule enables consumers to compare prices and buy only the goods and services they want.

Funeral homes found to have significant violations can enter a training program designed to increase compliance with the Funeral rule. The three-year program is known as the Funeral Rule Offenders Program, and is an alternative to a possible FTC lawsuit that could lead to a court order and civil penalties of up to \$16,000 per violations. It is run by the NFDA and provides participants with legal review of the price disclosures required by the Funeral rule, and on-going training, testing and monitoring for compliance with the Rule. In addition, funeral homes that participate in the program make a voluntary payment to the U.S. Treasury in place of a civil penalty, and pay annual administrative fees to the Association.

The FTC also identified several funeral homes with only minor compliance problems. In this type of situation, the FTC contacts the funeral home and requires it to provide evidence that it has corrected the problems.

Since the Funeral Rule Offenders Program began in 1996, the FTC has inspected more than 2,300 funeral homes and found that 362 were substantially out of compliance with the Rule..

Offering Funeral Packages

Prior to the enactment of the Funeral Rule in 1984, many funeral homes sold their services using packages. They bundled together those funeral services that made up an entire funeral and sold the package for one price. But the Federal Trade Commission (FTC) believed that the practice of bundling funeral services deprived consumers of the ability to select only those services they wanted. As a result, the FTC's Funeral Rule required funeral homes to itemize 16 different services on their General Price List (GPL). Starting in 1984, many had to restructure the way in which they sold funeral services to consumers. Packages were discarded and itemization became the industry standard.

Since that titanic restructuring, the funeral industry has seen a gradual shift back to package pricing. What's behind this renewed interest in packaging? For many funeral homes, it is the realization that consumers appreciate packages and often find it easier to comparison shop using packages rather than itemization. Funeral homes have also used packaging to market services and promote those items they wish to sell. With the renewed interest in packages, it is important that funeral homes understand what is and is not permissible creating, pricing and presenting packages to consumers.

Creating Funeral Packages

Funeral packages are a lawful and legitimate way for funeral homes to offer funeral goods and services to the public. While the Funeral Rule requires funeral homes to offer their services on an itemized basis, it also recognized that funeral homes might wish to offer packages. Therefore, as long as the funeral home has the itemization required by the Funeral Rule, it is free to package funeral goods and/or services in many different ways.

While most funeral homes think of packages as including all of the services in a complete funeral and disposition, many firms offer partial packages as well. One area where this is common is with ceremonies. For example, in addition to itemizing the visitation and the funeral ceremony, a funeral home might wish to package the two options together. Also, to encourage consumers to select the package, it might be offered at a discount over the combined cost of the two itemized services.

To promote a package, a funeral home might occasionally include the package items that are not regularly sold by the funeral home. For example, a firm offering a full funeral-cremation package could include as part of that package a unique line of urns. If the funeral home wishes, it can decide not to sell that line of urns on an individual basis but to restrict availability only to those who purchase the full-service package.

Although there is no requirement that a full-package funeral also include merchandise such as a casket and/or vault, some funeral homes will include those items. One innovative package concept that some funeral homes employ is to combine higher-priced service packages with higher-priced casket selections, as shown by the following example: *"With the Full Honors Funeral Package, the family may select one of the five caskets from the Premium Casket Category on our Casket Price List."*

Pricing Packages

Funeral homes generally have two options in pricing a package, whether it's a partial or complete funeral package. The first is simply to add up the itemized prices of all of the goods and services in the package and charge that sum as the price of the package. In this scenario, the funeral home is packaging for the convenience of the family but is not aggressively promoting the package.

The second option is to discount the price of the package so that its cost is less than the sum of the included itemized goods and services. A funeral home seeking to promote the purchase of the package might encourage consumers to purchase the package by offering it at a discount price. As is evident by the value meals sold at nearly every fast-food restaurant in America, there is nothing illegal or unethical about offering a preset package of goods and services at a discount in order to encourage a consumer to buy more.

One issue that has caused a substantial amount of confusion and controversy is the offering of a discounted package only to consumers who purchase a casket from the funeral home. Although some consumer groups and even state regulators have mistakenly classified discounted packages connected to the purchase of a casket as a "reverse casket-handling fee," the truth of the matter is that this pricing mechanism was approved by the FTC and the United States Court of Appeals in 1994. Subsequent FTC Staff Advisory Opinions have confirmed that offering discounted packages only to consumers who purchase a casket from the

—by Scott Gilligan, NFDA General Counsel

funeral home does not violate the Funeral Rule.

Discounts provided by funeral homes to purchasers of packages can take several different forms. The most common is to list the package and then provide an overall price discount with the provision that the package is only available to consumers who purchase a casket from the funeral home.

Instead of using a discount, some funeral homes opt to offer free or complimentary goods or services in the package. Under the Funeral Rule, a funeral home may not list any of the 16 itemized funeral goods and services that must appear on the GPL as a complimentary or free item. However, in the context of a package, the funeral home is permitted to provide items for free. For example, funeral homes are not permitted under the Funeral Rule to list limousines as free items on the GPL. However, as an incentive to purchase a package, the funeral home may provide a limousine as a complimentary item as shown by this example: *“All consumers selecting a Gold Level Package casket and vault from the funeral home will be provided complimentary limousine service to and from funeral ceremonies and the cemetery.”*

If a funeral home decides to provide discounts to encourage the sale of packages, there are two caveats of which it must be mindful. First, according to recent FTC Staff Advisory Opinions, funeral homes may not discount the amount of the basic service fee when putting together the price of a package. Therefore, in explaining the amount of the discount, it is important that the funeral home neither state nor infer that the amount of the basic service fee has been reduced or discounted.

To avoid any perception that the funeral home has improperly reduced the price of the basic service fee, NFDA recommends that language explaining a discount clearly exclude the basic service fee. Examples of permissible wording include the following:

- **Package Discounts:** “We have discounted the price of the items included in this package (exclusive of the basic service fee) to provide you an overall savings of \$_____ over the prices of the same set of goods and services if selected on an itemized basis. This package is only available to families who purchase the casket from [this] funeral home.”
- **Overall Price Discounts:** “If you purchase the casket from [this] funeral home, we will provide a discount of ____% on the overall price of the funeral (excluding the basic service fee and cash-advance items).”
- **Merchandise Credit:** If you purchase the casket from [this] funeral home, we will provide you with a \$_____ merchandise credit that can be applied toward any funeral merchandise you purchase.

The second caveat on pricing discount packages is to avoid offering sham discounts. This issue primarily arises in the context of funeral homes that offer discounted packages that are restricted only to consumers who purchase a casket from the funeral home. In a sham discount scenario, the funeral home significantly increases its itemized prices and then offers packages that contain enormous discounts. The end result is that a consumer who brings in a third party casket does not qualify for the package and ends up paying an exorbitant amount because the itemized prices have been artificially inflated.

How does a funeral home determine when the amount of its discount may be a sham? The basic rule of thumb is that the discount provided by a package should be less than the profit the funeral home expects to earn on a casket sale. For example, a funeral home that makes a \$500 profit on its average casket sale can justify a \$300 discount provided to consumers who buy a casket. But that same funeral home would open itself up to a claim of a sham discount if it provided a \$1,000 discount on its package.

Presenting Packages

The Funeral Rule permits funeral homes to have packages but does not impose requirements on how they are to be presented to consumers, giving funeral homes broad latitude in this area. Funeral homes can place packages on the GPL or have a separate price list for packages. If a funeral home elects to have a separate price list, it is critical that it always presents the GPL to the consumer BEFORE presenting the package price list. Even if a consumer specifically requests a package, the funeral home must first present the GPL and then present the package price list.

As stated in the introduction to this article, one of the advantages of packages for consumers is that

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Letter to Ron Hast of Mortuary Management

This letter appeared in Mortuary Management, December 2010

Mr. Hast,

I have, like many people, experienced many deaths in my life over the years. Some have been elderly family members and others have been friends from high school who were taken away too soon. Regardless of the circumstances surrounding the death, there was always one common occurrence: the funeral service.

Now, I can't say that I've not given much thought to the topic of funerals since I do wish to make being a mortician my eventual career. However, when I saw *Get Low* this past weekend at the Kenworthy, it got me thinking of how things have changed in the past few decades.

Growing up, funerals in my hometown were always the same. People would arrive to the family home with casserole dishes and offer condolences. The next day, many of those same people would arrive at the mortuary to pay their respects by participating in the funeral. I don't know how many times growing up I'd answer the phone at our house only to be greeted on the other end of the line by our local undertaker, Ron Hodge, asking if my father was available to be a pallbearer for someone we knew.

I thought that is was "just the way it was," and, at the time, the way it would always be. But, as I got older, those phone calls from Mr. Hodge to my father slowed and all but stopped.

Friends and family were still dying but all that remained to mark their life was an obituary in the paper with one added line: "No funeral services are planned."

I read those words for the first time in the obituary of my great grandfather who had died after a long battle with Alzheimer's. I was told that our family just didn't get along and a funeral would be too difficult for everyone to get through and that not having a funeral was "just easier."

Since when is death supposed to be easy?

Death is an uncomfortable thing but a sad and necessary reality of life. It's been proven time and time again by psychologists across the world that human beings process grief in seven steps, which are all unique to the individual processing them. One key finding of those experts is that viewing a body brings reality to the death and that the funeral or memorial service helps get the grieving process started.

I've heard people say "I'm dead, what do I care?" or "Why spend all that money for nothing." Maybe I'm just being narcissistic, but I certainly hope that people will want to honor, at least in some small fashion, my contributions to society after I've died.

I'm not suggesting that cremation is somehow the "wrong way" to care for our dead or that we should go back to the "cookie cutter" method of funerals where the only variation is the color of casket and hymn selections. Yet it seems our society is quickly approaching a time where we are just too busy, and for that matter disposable, in the way we deal with death. It seems sometimes that time cannot be set aside, even for an hour during the week, to pay respect to a life lived.

Which begs the question, can society really go on to live emotionally healthy lives if we only "deal with" death when we have time? Or worse yet, how soon before society completely ignores death altogether? Technology is already being developed to quickly break down bodies in such a fashion that they're simply flushed into the sewer system like standard household waste.

To borrow a colloquialism of the South: "That just ain't right."

I'll leave you with a final thought from Sir William Gladstone which has always stood out to me. He said, "Show me the manner in which a nation...cares for its dead and I will measure with mathematical exactness the tender sympathies of its people, their respect for the laws of the land and their loyalty to high ideals."

Thanks,

Henry D. Johnston, Moscow, Idaho

Sir Johnston: Your comments are worthy of publication in the "Readers' Forum." Your sentiments are shared by many who have chosen death care and funeral service as a career. However, the public we are privileged to serve is the ultimate "boss" of what happens. Like it or not, it is their privilege to avoid funeral formalities, or embrace them.

There is nothing more certain than change. We can preach all day long about the benefits of funerals, and there are many. Presently, the majority of death calls in many communities now avoid formalities, and in a sense, their published obituary notice is the funeral. And, there are many who are truly able to purchase any funeral or celebration they desire. We must realize the typical routine we have believed to be the "traditional funeral" is not important to them. In fact, it is often clearly spoken.

The best we can do is offer a sincere, kind, helpful service that is meaningful to the client in the best way we know how. Our facilities and services must be worthy of the charges we make necessary to sustain our business and earn a profit. Otherwise, we are obsolete.

Cordially,

Ron Hast



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and plan to attend the

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they make it easy for them to weigh the cost of different service options. A package price list is a great tool not just for the consumer but also for the funeral home. By using a package list, the funeral home quickly educates the consumer on various alternatives. The consumer is able to compare prices with options and make an educated chose on the service they want at a price they are willing to pay.

The final item to address is how to fill out the Statement of funeral goods and Services Selected (the "statement") when a package is purchased. Funeral homes are not required to list on the Statement all the individual prices of the goods and services in a package. They are, however, required to indicate on the Statement which goods and services are included in the package. A funeral home may do this by circling the individual items in the package, putting a check mark next to them, indicated that they are "included," or even printing a description of the package on the Statement.

Packages are an option that more and more funeral homes are using to showcase services and present useful price information to consumers. If you have and questions regarding packages, contact Scott Gilligan at 513-871-6332. Scott Gilligan serves as NFDA general counsel and represents NFDA on matters dealing with the FTC Funeral Rule.

NFDA

New FAMIC Study Released

An overwhelming majority of Americans over the age of 40 who have attended funerals believe that funeral and memorial services are a valuable and important part of commemorating the life of a loved one, according to nationwide study conducted by telephone in April by Harris Interactive on behalf of the Funeral and Memorial Information Council (FAMIC).

"This important survey demonstrates yet again that the funeral industry plays a key role in helping families through the grief that comes with the death of a loved one," FAMIC President Kaye Starnes said, "and the funeral director remains the most important partner in that process. Even with the changing dynamics faced by families today, the funeral director plays a central role at a critical time."

A greater understanding of the value of funeral service and a stronger recognition of the role it plays in healing after loss was demonstrated in the 2010 results. 92% of those 40 and older said the funeral industry provides meaning and value to the arrangement process, an increase from 86% in 2004. 95% said that the service was helpful in paying tribute or commemorating the life of a loved one, a 6% increase from 2004. 87% said that the service was an important part in helping them begin the healing process after the death of a loved one, a 9-point increase from 2004.

The 2010 Study results also demonstrate the importance of the relationship between the consumer and the funeral home itself. Funeral attendees are generally more comfortable shopping for caskets and other funeral-related items at a funeral home and they prefer privately held independent funeral homes over publicly held corporations. Further, where applicable, the majority of respondents would use the same funeral home in the future, and wouldn't change anything about their own personal funeral home experience. The funeral industry attributes tested all had very high approval, and the highest approval was for the most personal types of services provided by funeral homes.

Over a 20-year period, those who report being likely to choose cremation for a loved one has increased by more than 50 percent. 55% of survey respondents indicated they were likely to choose cremation for a loved one where in 1991 that number was 31%. 94% of those most likely to choose cremation for a loved one indicated they planned to have some sort of funeral or memorial service to commemorate that life.

Perhaps unsurprisingly, younger funeral attendees were much more likely (51% to 32% for the general population) to find an obituary online. They were also more likely to have found a funeral home online and taken part in a "virtual memorialization" than their older counterparts. But when it comes to making arrangements, they rely on friends and relatives and others more familiar with the experience for guidance at much larger ratios.

The majority of respondents – 66% - indicate they would pre-arrange their own funeral. Those that have pre-arranged do so most often so that others do not have to worry, eliminating stress for their loved ones and easing the way after they are gone. FAMIC study one of the most comprehensive and long-standing consumer research projects in funeral service.

This telephone survey was conducted March 29-April 11, 2010 by Harris Interactive. The survey was conducted among 500 adult Americans, 40 years in age and older, who have attended two or more funerals in the last year.

NFDA Issues Groundbreaking Research on Prep Room Ventilation

The National Funeral Directors Association (NFDA) recently issued a new and groundbreaking report on ventilation in the preparation room, along with practical, cost-effective recommendations for removing formaldehyde vapors during embalming. The report, "Formaldehyde Vapor Reduction in the Funeral Home Preparation Room: Recommendations for Effective Preparation Room Ventilation," is based on a year-long study of funeral homes and their ventilation systems, and an evaluation of ventilation engineering practices for the control of formaldehyde.

International and domestic agencies recently have examined formaldehyde because of increasing concerns about its health effects. In 2004, the International Agency for Research in Cancer (IARC) found a link between formaldehyde and nasal cancer. In 2009, IARC found a link between formaldehyde and leukemia; IARC's findings were based, in part, on the National Cancer Institute's 20-year study of embalmers.

Ventilation has been found to be the single most effective way to control formaldehyde vapor levels – and thus, associated health risks – in the preparation room. Because there are no consensus ventilation standards that apply to funeral home preparation rooms, NFDA undertook this study to fill that void.

"NFDA's mission is to educate and protect funeral directors and make sure that they are informed about important issues affecting their health and safety," said NFDA President William C. Wappner, CFSP. "Whether formaldehyde is ultimately determined to cause cancer in funeral directors or not, there is no good reason for any person to be exposed to a toxic compound in the preparation room when simple, cost-effective measures can be taken to reduce that exposure."

NFDA Releases Results of 2010 General Price List Survey

The National Funeral Directors Association (NFDA) recently released the results of its 2010 member General Price List (GPL) survey. The report provides a comprehensive picture of the diversity of costs associated with a funeral, providing data that breaks down services by geographic region, size of firm and size of city/town.

Perhaps the most frequently requested piece of information produced by the survey is the national average cost of a funeral. NFDA calculates the median cost by totaling the costs of the following: non-declinable basic services fee, removal/transfer of remains to funeral home, embalming, other prep of the body, metal casket, use of the funeral home and staff for viewing, use of the funeral home and staff for a funeral ceremony, use of a hearse, use of a service car/van, and a basic memorial printed package.

The national median cost of a funeral for calendar year 2009 was \$6,560. If a vault is included, that number rises to \$7,755. The cost does not take into account cemetery, monument or marker costs, or misc cash-advance items, such as flowers and obituaries. The cost of a funeral can vary by region; costs can also vary based on a funeral home's location and the size of the business.

The cost of a funeral this decade (2000–2009) rose 21 percent. Over the 1991–1998 period, the cost of a funeral increased by 25 percent. The percent increase during 1980–1989 was significantly higher at 47 percent, reflecting the high rates of inflation during that decade.

NFDA mailed 3,000 self-administered surveys to member funeral homes in June 2010. The response rate was 21 percent.

Spotlight

Legislative Issues

Estate Tax (H.R. 4154 or another as yet unnumbered bill). As part of the Family Business Estate Tax Coalition, NFDA is actively urging Senators to support an amendment to be offered by Sens. Jon Kyl (R-AZ) and Blanche Lincoln (D-AR) to a small business tax relief package; a package that the Senate will hopefully consider before the November elections or, at a minimum, during the lame duck session after the election. The amendment would establish a permanent estate tax exemption of \$5 million and a tax rate of 35% for all amounts above the exemption. The amendment would index the exemption to inflation and include a stepped-up basis.

Codification of SSI Irrevocable Funeral/Burial Trust Exemption. (S. 427/H.R. 1352). NFDA is working closely with our House and Senate sponsors to devise a strategy to get this bill passed into law this year. In recent discussions with the staff of our Senate sponsor, Sen. Blanche Lincoln (D-AR), we identified a couple of legislative options dealing with expiring social security provisions which will be considered this fall and could be the best legislative vehicle on which to attach our bill. We will be working with Senate Finance Committee staff to clear the way for this bill, as well as ensuring our House sponsors support the effort on their side.

Subchapter S Corporations (H.R. 4213). We hope the Senate will take up and consider H.R. 4213, the "American Jobs and Closing Tax Loopholes Act of 2010." Section 413 of H.R. 4213 would impose payroll taxes (15.3%) on subchapter S corporations on the dividend distributions paid to employee-owners, to family members who are shareholders or partners, and on retained earnings in the business.

Laudably, the provision is aimed at reducing gaming that can take place by subchapter S corporation owners shifting income away from compensation and to "dividends" that are not subject to payroll taxes. However, this is a substantial new tax on the income, whether or not it is distributed, thus imposing payroll taxes of 15.3% on the retained earnings of subchapter S corporations. Retained earnings are the single biggest form of capital for small business and this provision would decimate that capital at a time when other sources remain difficult to access. Many NFDA members are subchapter S corporations and will be adversely impacted by this new tax.

Senators Olympia Snowe (R-ME) and Mike Enzi (R-WY) have filed an amendment to H.R. 4213 to strike Section 413 from the bill. NFDA and other small business groups are actively supporting the amendment. NFDA recently learned that Senate Finance Committee Chairman Max Baucus (D-MT) is putting together an alternative payroll tax provision that he plans to substitute for the flawed effort in the House-passed bill. NFDA has not seen the proposed language for this alternative provision, but we believe it will still be unacceptable.

Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law: 111-203). This bill was signed into law by President Obama on July 21. The provision of the new law that concerns NFDA is whether the new Consumer Financial Products Division that will be housed in the Federal Reserve will cover funeral and burial trusts or those who sell them.

Bereaved Consumer's Bill of Rights Act of 2009 (H.R. 3655). After being approved with an amendment exempting all non-profit religious cemeteries that are owned, operated and managed exclusively by them and not by a for-profit funeral service company, the bill now awaits action by the full House. It is unclear at this time when that may occur. Hopefully, Chairman Bobby Rush (D-IL) can convince Speaker Nancy Pelosi (D-CA) to schedule it when they return later this month. If not, it will have to wait until lame duck session which may be too late for any Senate action. In the meantime, NFDA is working to get a Senate version introduced and passed so the bill would have a better chance of becoming law this year. If not, it will have to be reintroduced in the new Congress early next year and the process will start all over again.

REGULATORY ISSUES

Formaldehyde. We continue to monitor the activities of EPA and the European Union on this issue, but so far they are still in the scientific review stages. We have sent a letter to EPA arguing that their scientific studies and conclusions, especially those dealing with embalmers, are not balanced and are flawed. We recommend that they revise their findings and conclusions to be more accurate and conform to the facts.

Shipment of Human Remains by Commercial Air Carriers. NFDA continues to meet with TSA officials and the airlines to try and resolve issues surrounding the development of a protocol for resolving security alarms that may be triggered during the screening process; if a shipment of human remains sets off a security alarm, the shipping container must be opened for a physical inspection. This continues to be a real issue for all involved. At a recent meeting of all stakeholders in Los Angeles, it was decided to undertake two pilot programs using different methods at two different airports (Dallas-Fort Worth and Los Angeles). Details of these pilot programs still have to be worked out before they can be up and running. At the request of TSA, NFDA has asked several members who ship remains out of Los Angeles and Dallas-Fort Worth to volunteer to participate in these programs. Once they are up and running, it is anticipated that the pilot programs will operate for at least 90 days, after which the results will be analyzed and shared with all stakeholders to determine whether one program worked well, or if a hybrid of the two would work best. We do not expect results to be available until later next year.

OSHA. OSHA is ramping up inspections of funeral homes for compliance with the Hazardous Communication, Bloodborne Pathogens and Formaldehyde Standards. In addition, some state plan states are also enforcing the Asbestos Standard and, in the case of North Carolina, incorrectly. NFDA has sent a letter to OSHA objecting to this interpretation and have asked them to clarify their position on the enforcement of the Asbestos Standard. NFDA members are strongly urged to ensure they are in full-compliance with all OSHA standards.



IFSA Thanks Our Allied Members Who Support IFSA & Idaho's Finest Funeral Directors!

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Red Flag Identity Theft Prevention Program

The Federal Trade Commission's (FTC) Red Flag Rule is slated to go into effect December 31, 2010. Issued as part of the Fair and Accurate Credit Transaction Act of 2003 (FACTA), the rule requires financial institutions, creditors and certain other businesses to develop and implement written Identity Theft Prevention Programs that include reasonable policies and procedure designed to detect, prevent and diminish the affects of identity theft.

According to NFDA Legal Counsel F. Scott Gilligan, funeral homes that regularly engage in one or more of the following activities probably fall under the Red Flag Rule and need to have an Identity Theft Prevention Program in place by December 31, 2010.

1. Regularly enter into arrangements allowing consumers to pay at need or preneed funeral costs in installments;
2. Regularly sell preneed insurance policies as agents for insurance companies that allow consumers to pay for policies in multiple installments;
3. Regularly refer consumers to consumer finance companies that extend credit to purchase funerals.

What is a Red Flag?

A "red flag" is a pattern, practice or specific activity that indicates the possible existence of identity theft.

Examples of red flags include:

1. Alerts, notifications or warnings from consumer reporting agencies, insurance companies or consumers finance companies;
2. Suspicious documents presented by consumer;
3. Suspicious personal identifying information;
4. Any unusual or suspicious activity related to a funeral account;
5. Notice from consumers, victims of identity theft, law enforcement agencies and other persons regarding possible identity theft.

Preparing an Identity Theft Prevention Program

An Identity Theft Prevention program must define potential red flags that pose a risk of identity theft and contain a plan for determining how to detect and prevent them. The program must detail who is responsible for program oversight and how it will be implemented and periodically updated.

Gilligan has prepared funeral service-specific information about the FTC "Red Flag" regulations, including a "Sample Identity Theft Prevention Program." NFDA members can download the information from the NFDA Website.

Proof of Death now Required When Requesting Deceased Veteran's Military Records

As a result of a recent change in policy, the Department of Defense's Privacy Office now requires next-of-kin who request records related to a deceased veteran to provide proof of death. Since the National Personnel Record Center serves as the agent for the Department of Defense, their procedures and forms for requesting a deceased veteran's records have been amended as well. This change was made in a continued effort to ensure the protection of veterans' privacy.

The following documents may be used as proof of death:

- Death Certificate • Newspaper Article • Obituary • Death Notice • Coroner's report of death • Verdict of Coroner's jury • Report of death signed by a United States consul or other agent of the State Department • Funeral Director's signed statement of death, which must: be on a funeral home letterhead, list the full name of the deceased, date of birth and date of death, and be signed by the Funeral Director or their designated representative.

Why Do Death Rates Decline?

"Since 1960, mortality reductions have been associated with two newer factors: the frequent conquest of cardiovascular disease in the elderly and the prevention of death caused by low birth weight in infants."

During the twentieth century, mortality rates declined quite rapidly in the United States and in all developed countries. In 1900, the annual mortality rate was one in 42 Americans. In 1998, on an age-adjusted basis, the rate had dropped to one in 125 people. That's a cumulative decline of 67 percent. In **Changes in the Age Distribution of Mortality Over the 20th Century** (NBER Working Paper No. [8556](#)), co-authors **David Cutler** and **Ellen Meara** explore how we achieved such gains in health: that is, which innovations or policies contributed most to these gains.

Except for a 10-year period between 1955 and 1965 when the mortality rate was essentially flat, mortality rates have declined at the relatively constant rate of approximately 1 to 2 percent per year since 1900. That mortality reduction used to be concentrated at younger ages, but then became increasingly concentrated among the aged. In the first four decades of the twentieth century, 80 percent of life expectancy improvements resulted from reduced mortality for those below age 45, the bulk of these for infants and children. In the next two decades, life expectancy improvements were split relatively evenly by age group. In the latter four decades of the century, about two-thirds of life expectancy improvements resulted from mortality reductions for those over age 45.

During the first half of the century, changes in the ability to avoid and withstand infectious diseases were the prime factors in reducing mortality. Infectious diseases were the leading cause of death in 1900, accounting for 32 percent of deaths. Pneumonia and influenza were the biggest killers. Therefore, improved nutrition and public health measures, particularly important for the young, were vastly more important in this period than medical interventions. Better nutrition allowed people to avoid contracting disease and to withstand disease once contracted; public health measures reduced the spread of disease. During this period, reduced infant mortality contributed 4.5 years to overall improvements in life expectancy; reduced child mortality contributed nearly as much, and reduced mortality among young adults added about 3.5 years.

Between 1940 and 1960, infectious diseases as a cause of death continued to decline. But more of this decline was attributable to medical factors, such as the use of penicillin, sulfa drugs (discovered in 1935), and other antibiotics. These help the elderly as well as the young, thereby reducing mortality across the age spectrum. By 1960, 70 percent of infants could be expected to survive to age 65.

Since 1960, mortality reductions have been associated with two newer factors: the frequent conquest of cardiovascular disease in the elderly and the prevention of death caused by low birth weight in infants. Traditional killers such as pneumonia in the young also have continued to decline, but mortality from these causes was already so low that further improvements did not add greatly to overall longevity.

Increasingly, mortality reductions are attributed to medical care, including high tech medical treatment, and not to social or environmental improvements. Smoking cessation and better diets also are factors: per capita consumption of cigarettes rose from essentially zero in 1900 to more than 4,000 per year per capita in 1960, or over two packs per smoker per day. Since then, per capita consumption has fallen by more than 50 percent. These trends affect death from heart disease and from smoking-sensitive cancers with a 10 to 20-year lag.

For several important causes of death, rising incomes and a variety of social programs have accompanied significant reductions in mortality. Higher incomes make possible the use of expensive medical technology and are correlated with less smoking than lower incomes. Medicare increases the access of the elderly to medical care while Medicaid does the same for the poor. A large increase in the incomes of the elderly stemming from pre-Social Security social programs and the phase-in of the Social Security system has coincided with suicide rates for that group dropping 56 percent since 1930.

Finally, the authors make the broad point that dramatic swings in the ratio of non-white to white infant deaths over the century suggest that a variety of factors influence health differentially for the different races.

–David R. Francis, The National Bureau of Economic Research

Health Care Reform

President Obama signed the Affordable Care Act into law on March 23, 2010. The landmark new law will put into place comprehensive health insurance reforms.

Following is a summary of the new law and how it impact you, your staff and families, and your business.

A New Patient's Bill of Rights

On September 23, 2010, critical new consumer protections in the new law —a Patient's Bill of Rights— began to take effect. The Patient's Bill of Rights puts an end to some of the worst insurance company abuses, and puts consumers, not insurance companies, in control of their health care. These new protections include:

- Ban on Discriminating Against Kids with Pre-Existing Conditions
- Ban on Insurance Company Dropping Coverage
- Ban on Insurance Companies Limiting Coverage
- Ban on Insurance Companies Limiting Choice of Doctors
- Ban on Insurance companies Restricting Emergency Room Care
- Guarantee You a Right to Appeal
- Covering Young Adults on Parent's Plan
- Covering Preventive Care With No Cost

The Affordable Care Act also includes new resources and authorities to crack down on unjustified rate hikes. Today, 46 states are using resources under the new reform law to pass or strengthen premium rate review laws, which will have a significant impact on keeping year-to-year increases on premiums low. The Administration has been working on rules that require insurance companies to spend at least 80 percent of premium dollars on health care instead of overhead, salaries or administrative expenses, in 2011. If they fail to do so, they will be required to provide rebates to consumers.

Top 5 Things For Funeral Homes to Know

1. If you have up to 25 employees, pay average annual wages below \$50,000, and provide health insurance, you may qualify for a small business tax credit in the current year of up to 35% (up to 25% for non-profits) to offset the cost of your insurance. This will bring down the cost of providing insurance.
2. Employer-based plans that provide health insurance to retirees ages 55-64 will be able to get financial help through the Early Retiree Reinsurance Program that started in June 2010. This program is designed to lower the cost of premiums for all employees and reduce employer health costs.
3. Starting in 2014, the small business tax credit goes up to 50% for qualifying businesses. This makes the cost of providing insurance even lower.
4. Starting in 2014, small businesses with generally fewer than 100 employees can shop in an Exchange, which give you power similar to what large businesses have to get better choices and lower prices. An Exchange is a new marketplace where individuals and small businesses can buy affordable health benefit plans. Exchanges will offer a choice of plans that meet certain benefits and cost standards. Starting in 2014, Members of Congress will be getting their health care insurance through Exchanges, and private citizens will be able to buy insurance through Exchanges, too.
5. Employers with fewer than 50 employees are exempt from new employer responsibility policies. They don't have to pay an assessment if their employees get tax credits through an Exchange.

Additional information on how the changes in health care law will affect your funeral home is available at: www.healthcare.gov/foryou/employers/index.html IFSA members with questions regarding these issues may contact T. Scott Gilligan at 513-871-6332.

“Life and death are but phases of the same thing, the reverse and the obverse of the same coin. Death is as necessary for man's growth as life itself.”

-Mahatma Gandhi

In Case you Missed it....

Iowa Law Requires Bodies of Poor to Go to Medical Research

Des Moines County, Iowa is studying a state law that requires bodies of poor people to be offered to medical schools before being buried at taxpayers' expense.

According to the law, once a college or medical school has finished with the body, it will be properly buried or cremated. There are exceptions for veterans and for those who left a written declaration of what should happen to the body.

Assistant County Attorney, Amy Beavers turned up the law while reviewing state law to update a county manual. The County is planning on speaking with funeral directors about the law before implementing it.



Wyoming Highway Patrol Mistakes Ashes for Drugs

According to an Associated Report out of Farson, Wyoming, the powdery substance that Highway Patrol troopers found in a zip-close plastic bag during a recent traffic stop weren't drugs after all.

Sgt. Stephen Townsend reported when troopers pulled over two men in a car Wednesday, they found small amounts of marijuana and drug paraphernalia and though the bag might hold illegal drugs. Troopers contacted the car's owner – the girlfriend of one of the men – asking about the bag's contents. The woman told troopers the baggie held her grandmother's cremated ashes. She explained they had been very close and she always kept the ashes in her car. Townsend said troopers put the ashes back.



Dead's Mans Family Considers Liposuction

Romainia – The family of Cristian Capatanescu, Romania's fattest man, is considering having liposuction performed on his deceased body because the family cannot afford a coffin big enough to accommodate his remains, *The Sun* reported.

Capataneascu died of multiple organ failure in the hospital; he weighed 868 pounds.

The Austrian Times reported that relatives want Capatanescu's body to be reduced enough so that he can fit into a regular-sized coffin.

Capatanescu's wife said that the family would prefer to have two funerals; the family also wants to cremate the parts of his body that will be removed during the procedure and then bury the body in a separate service.



Germany Crematories, Keeping and Selling Gold Teeth

Several crematory employees in Hamburg, Germany have been accused of harvesting gold teeth and jewelry from the deceased.

In August 2010, police raided the offices and homes of nine workers from Ojendorf Cemetery Crematorium, seizing some \$185,785 U.S. that allegedly was earned by sifting valuable items out of cremated remains and selling them.

The cemetery told the Hamburger Abendblatt that, when family members do not want certain items, their workers gather any precious metals and sell them; donating the proceeds to help children with cancer. But over the last several years, the cemetery managers noticed that the amounts being collected were less than usual and called the police.

All in the Family



Seeking Licensed Funeral Director

Bidwell Funeral Home in St. Anthony, Idaho, is looking for a licensed mortician to fill-in for the owner during surgery and recovery. The owner is looking for some one capable of making all necessary arrangements from start to finish. If the owner, after a period of time, feels the mortician to be a credit to the community and to the funeral profession there would be a opportunity to either become a partner or owner of the funeral home in the future.

Terms and conditions and starting date are negotiable with a three bedroom home close to the business available.

St. Anthony is prominently a LDS Community located in the south eastern part of the state. It boasts 41,000 acres of sand dunes and some of the best fly fishing in the west with the Henry's Fork of the Snake River flowing through the center of town.

For more information, please contact Gary D. Bidwell at (208) 624-7177.

Seeking Licensed Mortician

Valley Mortuary in Driggs, Idaho, is looking for a full-time licensed or apprentice mortician (no students please). This position is available immediately. Valley Mortuary serves the Teton Valley communities from Driggs, Idaho to Jackson Hole, Wyoming.

The Teton Valley straddles the Idaho Wyoming border and is only a short day trip to two national parks, as well as, world class recreational activities such as fly-fishing, golfing, skiing and mountain biking just to name a few.

For more information, please contact Scott McKague at (208) 354-2394; or (208) 709-3401.

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calendar



2010

December 25 Christmas

2011

January 17 Martin Luther King Jr. Day

January 24 IFSA Mid-Winter Board Meeting Meridian Idaho

February 14 Valentines Day

February 16–18 CANA-NFDA Cremation Symposium Las Vegas, NV

February 21 President's Day

March 20–23 NFDA Advocacy Summit Washington, D.C.

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